

Message Text

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PAGE 01 STATE 206914

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ORIGIN ARA-20

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 ACDA-19 IO-14 EB-11 DRC-01 COME-00 INT-08

SCEM-02 TRSE-00 /153 R

DRAFTED BY ARA/PAN:SMBELL/HSTEIN; L/ARA TBOREK

APPROVED BY ARA-LA/PAN:S. MOREY BELL

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R 182120Z OCT 73

FM SECSTATE WASHDC

TO AMEMBASSY PANAMA

INFO USCINCSO

GOV PANCANAL CO.

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E.O. 11652: N/A

TAGS: PFOR, ENRG, PN, PQ

SUBJ: GOP REQUEST TO STORE AND PROCESS EQUIPMENT WITHIN
CANAL ZONE

REF: PANAMA 5528

1. THE DEPARTMENT WELCOMES THE CANAL ZONE GOVERNMENT'S
EFFORT TO BE HELPFUL TO THE PANAMANIAN GOVERNMENT IN
THIS MATTER. FEW SUCH OPPORTUNITIES PRESENT THEMSELVES.

2. WE APPRECIATE THE PROBLEMS DERIVING FROM THE LANGUAGE
IN SOME PORTIONS OF THE PANAMANIAN NOTE, BUT BELIEVE
WE CAN PROTECT OUR POSITION WITH RESPECT TO JURIS-
DICTIONAL RIGHTS IN THE CANAL ZONE AND AT THE SAME
TIME CAST OUR RESPONSIVE DIPLOMATIC NOTE IN A POSITIVE
TONE AND STYLE CONSISTENT WITH EFFORTS TO IMPROVE OUR
RELATIONSHIP WITH PANAMA.

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PAGE 02 STATE 206914

3. DELIVERY OF THE FOLLOWING TEXT IS AUTHORIZED: QUOTE:

THE EMBASSY OF THE UNITED STATES OF AMERICA REFERS TO THE NOTE OF THE MINISTRY OF FOREIGN AFFAIRS NO. DREU-314/1338 OF OCTOBER 1, 1973, CONCERNING THE DESIRE OF THE EL PASO PANAMA COMPANY TO STORE AND PROCESS EQUIPMENT ON A SITE IN THE CANAL ZONE IN CONNECTION WITH ITS DEEP-SEA EXPLORATORY DRILLING ACTIVITIES UNDERTAKEN ON BEHALF OF THE GOVERNMENT OF PANAMA.

QUOTE THE GOVERNMENT OF THE UNITED STATES OF AMERICA WELCOMES THIS OPPORTUNITY TO EXTEND ITS COOPERATION IN THIS SIGNIFICANT ASPECT OF THE DEVELOPMENT EFFORTS OF THE GOVERNMENT OF PANAMA. ACCORDINGLY, UPON THE APPLICATION OF EL PASO PANAMA COMPANY AND CONSISTENT WITH APPLICABLE RULES AND PROCEDURES, THE APPROPRIATE DOCUMENTATION WILL BE ISSUED PROMPTLY TO THE COMPANY TO ENABLE IT TO PERFORM MORE EFFICIENTLY ITS WORK IN CONNECTION WITH PETROLEUM EXPLORATION UNDERTAKEN FOR THE GOVERNMENT OF PANAMA.

QUOTE MOREOVER, THE EMBASSY OF THE UNITED STATES OF AMERICA WISHES TO INFORM THE MINISTRY OF FOREIGN AFFAIRS THAT THE ISSUANCE OF THE ABOVE DOCUMENTATION TO THE EL PASO PANAMA COMPANY WILL NOT ENTAIL THE EXTENSION OF RESIDENCE, PURCHASE, OR OTHER RELATED PRIVILEGES TO THE EMPLOYEES AND WORKERS OF THE COMPANY WHILE IN THE CANAL ZONE FOR THE PURPOSE OF STORING AND PROCESSING COMPANY EQUIPMENT.

QUOTE THE EMBASSY OF THE UNITED STATES OF AMERICA AVAILS ITSELF, ETC. END QUOTE.

4. FYI: IT IS OPEN TO REASONABLE ARGUMENT WHETHER OPERATIONS OF COMPANY IN THIS INSTANCE WOULD CONSTITUTE "ESTABLISHMENT OF PRIVATE BUSINESS ENTERPRISE" WITHIN MEANING OF ARTICLE III(5) OF 1936 TREATY. EVEN IF THIS WERE CLEARLY A CASE ARISING UNDER III(5), WE DO NOT NEED EXPRESSLY TO STATE THE BASIS FOR GRANTING PERMISSION FOR PRIVATE FIRM TO OPERATE IN THE ZONE LIMITED OFFICIAL USE

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PAGE 03 STATE 206914

WHERE, BY IMPLICIT INDICATION OF NO OBJECTION OR (AS HERE) BY EXPRESSLY REQUESTING SUCH PERMISSION, GOP IN EFFECT "WAIVES" RESTRICTIONS ON USG UNDER ARTICLE III(5), IN ACCORDANCE WITH THE GENERAL RATIONALE CONTAINED IN STATE 20201 OF FEBRUARY 2, 1973. END FYI.

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